

[24 April, 2001]

RAJYA SABHA

Incentives to farmers repaying Agricultural Loan

4171. SHRI A. VIJAYA RAGHAVAN: Will the Minister of FINANCE be pleased to refer to answer to Unstarred Question 1832 given in the Rajya Sabha on 13th March, 2001 and state:

(a) whether the NABARD propose to give any incentive for farmers who pay back their agricultural loans within stipulated time limit; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) National Bank for Agriculture and Rural Development (NABARD) has reported that no such proposal is under consideration.

Losses suffered by banks due to recession in Share Markets

†4172. SHRI KAPIL SIBAL:

DR. D. MASTHAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that several nationalised banks have to suffer economic losses as a result of artificial recession brought into the share market;

(b) if so, names of such banks alongwith the extent of loss suffered by them;

(c) whether Government have identified the persons responsible for this economic loss; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Reserve Bank of India (RBI) has issued detailed guidelines to all commercial banks on banks' investments in shares and financing of equities. These guidelines, *inter-alia*, stipulate that subject to the

†Original notice of the question was received in Hindi.

overall exposure to sensitive sectors, a bank's exposure to capital market by way of investments in shares, debentures and units of mutual funds (other than debt funds) through primary or secondary markets should not exceed 5% of its total outstandings domestic credit as on 31st March of the previous year. These guidelines also stipulate that, as a prudential measure, banks' investment in equities etc. should not normally exceed 20% of its net worth.

RBI has reported that the total exposure of the Banking System by way of investment in the capital market, as on 31st January, 2001, stood at Rs.8770.55 crore, which formed 1.97% of the banks' outstanding advances. RBI has further reported that the banks also lend against the securities like shares, debentures etc. and the total exposure of the banks in this category was less than 2% of their total advances. According to RBI, although the exact loss incurred by banks is not readily available, it is not expected to be large.

(c) and (d) RBI has reported that the loss in investment and lending operations arise mainly on account of fall in the market value of the securities, for which margins are usually kept. The banks also take the personal guarantee of the borrowers to cover losses on account of fall in the value of securities. The banks also make provisions in their books to meet the fall in the market value of securities. However, banks have their own internal guidelines to ensure prevention of irregularities/frauds and fix staff accountability.

Farmers to be covered under K.C.C. Scheme during 2001-2002

4173. SHRI KHAGEN DAS: Will the Minister of FINANCE be pleased to refer to answer to Unstarred Question 63 given in the Rajya Sabha on the 20th February, 2001 and state what is the number of farmers to be covered under Kisan Credit Card Scheme during 2001-2002?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): No targets have been fixed for banks for issue of Kisan Credit Cards for the year 2001-2002. However, as announced in the Budget Speech for the year 2001-2002, banks have been advised to accelerate the programme and cover all eligible farmers within the next three years.